LIVESTOCK TERMINAL MARKETS

IN THE UNITED STATES

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SUMMARY

The public terminal market, where livestock is sold by private treaty, is one of the most important market outlets for livestock in the United States. Over 21 million head of cattle, nearly 5 million head of calves, 32 million head of hogs, and 13 million sheep and lambs were handled by terminal public markets in 1957.

The success of the first modern terminal livestock market, established in Chicago in 1865, soon led to the development of other markets at major railroad centers. Growth and development of stockyards continued and by 1900 most of the larger terminals in operation today had been established. Although there has been a decline in the relative volume of terminal market handlings since the mid-1920's, terminals still accounted for a larger share of livestock marketed by producers than any other single market outlet in 1955.

The bulk of the livestock sold through terminals are handled by markets located in the East North Central, West North Central, and South Central Regions. In recent years these 3 regions have accounted for more than 70 percent of the livestock sold through terminal markets.

Total terminal market receipts consist of "Initials," "Directs," and "Throughs." "Initial" or "salable" receipts are the animals initially sold at the terminal. Livestock classified as "Directs" and "Throughs" are not sold at the stockyards.

"Initials" accounted for the largest share of livestock handled by terminals for each of the species. Only one-quarter of the total receipts of calves and hogs and less than half of the lambs were classified "Directs" and "Throughs." Only 12 percent of the cattle were shipped to the terminals as "Throughs" and 4 percent as "Directs."

Feeder and stocker receipts of calves and lambs at terminal markets, as a percent of total receipts, have increased since 1920, while receipts of feeder pigs remained relatively stable. Feeder and stocker cattle receipts have shown a considerable variation and, in 1957, were somewhat below the 1920 level.

Terminal market receipts display wide seasonal variations and correspond closely to seasonal variations in meat production. Receipts of each species are largest in the fall and early winter and least in the summer months.

Daily variations also exist in receipts at terminal markets. Arrivals during the first 2 days of the week normally accounted for over half of the stockyard volume. This concentration is more pronounced for cattle than for hogs.

Most of the facilities and services available at the terminal markets are furnished by the stockyard companies. Selling and order buying services are performed by commission agents, while livestock dealers in buying and selling livestock act as speculators in the market.

Marketing charges at terminal markets are associated with the facilities and services provided by the various agents. The stockyard company may assess charges for use of the yard, feed, bedding, and services. Commission agents levy fees for the selling or buying of livestock on a per head basis. The livestock dealers' profit margin may be considered part of the total marketing cost for livestock at terminal markets.

According to a special tabulation of packer and stockyard records covering the year 1954, average marketing charges per head paid by producers on animals marketed through terminals were $2.33 for cattle, $1.25 for calves, 77 cents for hogs, and 50 cents for lambs. When the indirect costs of dealer handlings at terminal markets were allocated to the animals initially sold at terminals, total per head marketing costs amounted to $2.74 for cattle, $1.61 for calves, 88 cents for hogs, and 58 cents for lambs.

The data presented here for 1954 represent the latest comprehensive information on stockyard operations now available for research and analysis.

LIVESTOCK TERMINAL MARKETS IN THE UNITED STATES

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INTRODUCTION

For more than half a century, the terminal market has been one of the most important livestock market outlets in the United States. 1/ Although the relative position of terminals as a livestock marketing channel began a long-term decline in the early 1920's, they are still an important and integral part of the livestock marketing system. In 1955, producers in the United States sold more livestock through terminal markets than through any other single market outlet. 2/

The objectives of this study were to: (1) Indicate the types of agencies located at terminal markets and the importance of their operations, (2) describe the facilities and services provided by these agencies and, (3) determine the charges assessed for the various facilities and services provided at the stockyards.

This study is a part of an overall research program to measure the marketing charges for livestock sold through the more important marketing outlets in the United States. Another phase of the program was recently published in a bulletin on the charges associated with the marketing of livestock at auction markets. 3/

Basic data used in this study were obtained from annual reports submitted to the Packers and Stockyards Branch of the United States Department of Agriculture. These records were obtained from the stockyard companies, commission agents, and livestock dealers at "posted" stockyards. 4/ 5/

1/ Livestock terminal markets (also referred to as terminal public markets, terminal markets, terminals, central markets, public stockyards, and stockyards) are livestock trading centers having complete facilities for receiving, handling, and sale of livestock on a "private treaty basis."

2/ Phillips, V. B. and Engelman, G. Market Outlets for Livestock Producers. U. S. Dept. Agr. Mktg. Res. Rpt. 216, March 1958, p. 11.

3/ Engelman, G. and Pence, B. S. Livestock Auction Markets in the United States. U. S. Dept. Agr. Mktg. Res. Rpt. 223, March 1958.

4/ A complete definition of "posted" markets is included in the section relating to the Packers and Stockyards Act.

5/ Records were obtained from 59 "posted" terminal markets, 566 commission agents, and 828 livestock dealers for the year 1954.

ORGANIZATION AND DEVELOPMENT

Available records indicate that the first public livestock market was operating near Boston in 1756. 6/ However, some stockyards were probably operating earlier in the Northeast.

As livestock production increased, the railroads pushed further West with Chicago as the focal point. By the 1860's, Chicago, already known as a great railroad center, had become the livestock marketing capital of the United States. Several railroad companies had built facilities there for the handling of livestock forwarded by producers. In 1865 these companies consolidated their efforts and established The Union Stock Yard of Chicago. This was the first of the modern public livestock markets in the United States. The success of the Chicago public market in supplying the needs of both buyers and sellers led to the establishment of similar markets at other railroad centers and important river crossings. Other stockyards were organized in Kansas City in 1871; St. Louis in 1872; Cincinnati, 1874; Indianapolis, 1877; Omaha, 1884; Denver, 1886; St. Paul, 1888; Fort Worth, 1893; Sioux City, 1894; and the St. Joseph market in 1896. By 1900, most of the larger public markets that are in operation at the present time had been established, and the bulk of the livestock in this country moved through these markets. 7/ From 1900 to the early 1920's, the role of terminal markets in the livestock marketing system remained substantially unchanged.

The growth, development, and, particularly, the location of the stockyards was closely associated with railroad expansion. Terminal markets and concentration yards became an important link in the livestock marketing chain. 8/ Another factor influencing the growth of terminals, particularly in the Midwest, was the development of the refrigerator car in the early 1860's. This permitted packing companies to gradually shift their slaughter operations from the consuming centers in the East to the more concentrated areas of livestock supplies in the Midwest, and ship their meat East.

The development of hard surfaced roads and the increased reliance on motor trucks for transporting livestock and meat in the 1920's were factors contributing to the decline in the relative importance of terminal markets. At this time packers began shifting their operations from the railroad terminal market areas into the livestock producing areas. Freight rates became advantageous to these new interior slaughtering points for eastern shipment. Direct marketing began to grow in popularity among the livestock producers. The trend away from terminals was later accelerated by the development of livestock

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6/ Fowler, S. H. The Marketing of Livestock and Meat. Danville, Ill., January 1957, p. 186.

7/ Dowell, A. A. and Bjorka, K. Livestock Marketing. New York, 1941, p. 102-103.

8/ Concentration yards, which serve as a shipping point and for the holding of large concentrations of livestock, differ from terminal markets, which were established for the purpose of buying and selling livestock.

auction markets. However, large numbers of livestock are still marketed at terminals supplying the large packing companies that continue to operate plants near the stockyards. Another major function of the terminal market has been to provide the facilities and services for in-transit livestock.

THE PACKERS AND STOCKYARDS ACT

In 1921, the Packers and Stockyards Act was passed, giving the Secretary of Agriculture authority to regulate all establishments known as stockyards. 9/ The Act defines stockyards as: "Any place, establishment, or facility commonly known as stockyards, conducted or operated for compensation or profit as a public market, consisting of pens, or other inclosures, and their appurtenances, in which live cattle, sheep, swine, horses, mules, or goats are received, held, or kept for sale or shipment in commerce." There were 59 regulated or "posted" terminal markets in 1954.

These regulations have provisions for 3 types of "persons" operating livestock businesses at the stockyards:

1. The "stockyard owner" or stockyard company is engaged in the business of conducting or operating the stockyard.

2. Any person in the business of buying or selling livestock at a stockyard on a commission basis is designated as a "market agency" or commission agent.

3. A "dealer" or livestock dealer who engages in the business of buying or selling livestock at a stockyard, either on his own account or as the employee or agent for vendors or purchasers.

All rates, charges, and tariffs at a posted market are subject to regulation by the Packers and Stockyards Branch of the U. S. Department of Agriculture. Each stockyard company and market agency at the market is required to submit a schedule showing all rates and charges for their services. Any changes in rates or charges require the approval of that branch and are considered only after a review has shown them to be just, reasonable, and nondiscriminatory. This tariff control is intended as a protection against excessive charges and has tended to reduce much of the variation of the average charges for the various facilities and services at different markets.

VOLUME OF LIVESTOCK AT TERMINAL PUBLIC MARKETS

Livestock receipts at terminal markets since 1920 have shown diverse trends (fig. 1). Cattle volume moving through terminals declined slightly from the early 1920's to 1932. Since then, the number of cattle handled at terminals

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9/ Packers and Stockyards Act 1921, as amended. U. S. Dept. Agr., Agr. Mktg. Serv., Sept. 1958.

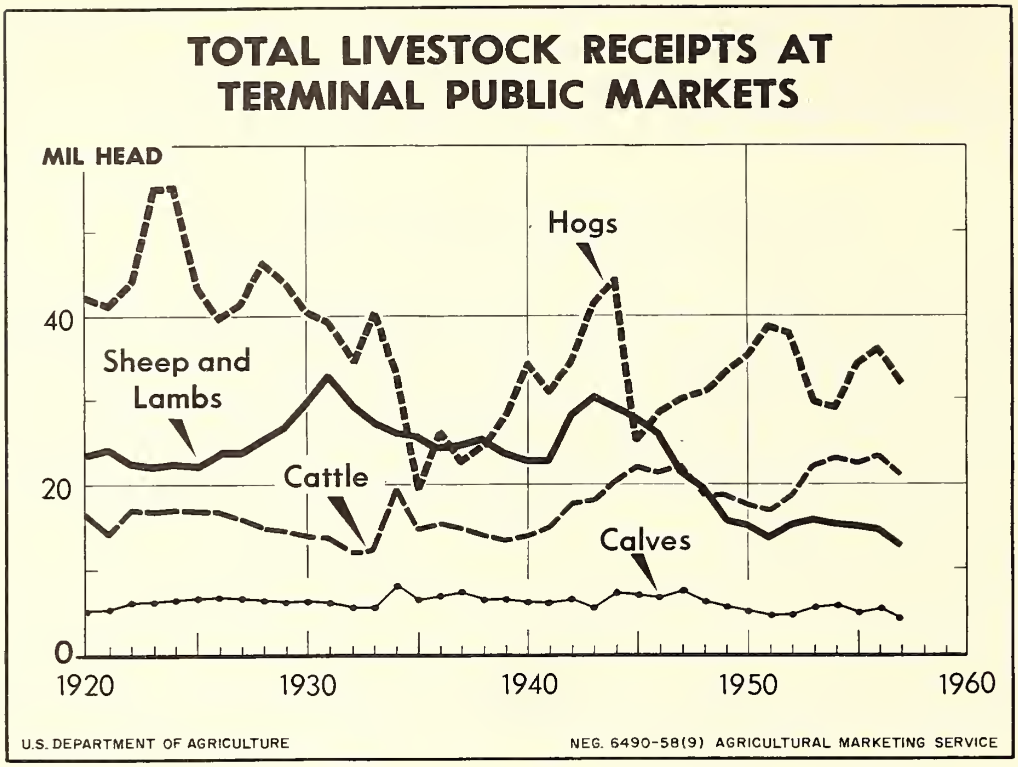

Figure 1

has increased, and in 1957 about 21 million head moved through terminals as compared with 12 million head in 1932. Calf receipts have remained relatively stable throughout the entire period at an annual rate of 5 to 6 million head. Since 1935, hog receipts have varied widely between the high level of 55 million head in 1924 and the low point of 19.5 million in 1935, but the general trend has been slightly upward. The volume of sheep and lambs moving through terminals has gradually trended downward since 1931. 10/ The most rapid decline in numbers took place between 1943 to 1951, decreasing from 30 million to 14 million head in less than a decade.

Some of these trends in terminal market receipts reflect changes in livestock production and also changes in types of receipts handled.

Types of Receipts

Total livestock receipts at terminal public markets include all animals passing through the stockyards and are usually classified into 3 categories:

1. "Initials" or "Salables" are livestock offered for sale for the first time at the terminal.

"Resales" are animals that are resold at the yard.

10/ In later references the term "lambs" may be substituted for "sheep and lambs" for purposes of brevity.

2. "Directs" are livestock moving directly to a buyer usually located at or near the stockyard.

3. "Throughs" are livestock in transit to a distant buyer; these may be unloaded for feed, water, and rest at the yard, or serviced in the cars.

Only "Initials" and "Resales" are actually sold at the market. "Directs" and "Throughs" are enroute to buyers and are not offered for sale at the terminals.

In 1954, 22.8 million cattle, 5.6 million calves, 29.5 million hogs, and 15.3 million lambs moved through posted terminals (table 1). Initial receipts accounted for the bulk of total receipts for each of the species. A larger share of hog receipts was classified as direct shipments than was the case for the other species. A relatively high proportion of sheep and lamb receipts consisted of through shipments. The percent of livestock initially received that were resold at stockyards ranged from nearly 8 percent for lambs to 16 percent for hogs. These "resales" are of 3 types:

1. "Planted" or placed by dealers in a commission agency for resale.

2. Resold "other than by commission agencies" for local delivery.

3. Resold "other than by commission agencies" for shipment.

Table 1.--Livestock receipts at posted terminal markets by species 1/

Species	Total receipts 2/	Initials	Directs	Throughs	Resales	Percentage resales of Initials
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	Percent
Cattle	22,767	18,982	1,053	2,732	2,250	11.9
Calves	5,609	4,075	710	824	619	15.2
Hogs	29,490	21,384	5,452	2,654	3,446	16.1
Sheep and lambs	15,315	8,347	1,914	5,054	642	7.7

1/ Based on data available for 1954.
2/ Estimated for the 59 posted stockyards.

The relative importance of the different types of resales is shown in table 2. Only a small proportion of the resales are handled by commission agents. However, a larger proportion of the cattle and lamb resales moved through commission agents than was the case for the other species. Resales other than by commission agents for local delivery assumed a relatively minor role at terminal markets.

Table 2.--Resales of livestock at posted terminal markets and percentage distribution by type of sale and species 1/

Species	Resales			
	By commission agencies	Other than by commission agencies		Total
		For local delivery	For shipment	
	Percent	Percent	Percent	Percent
Cattle	29.6	8.3	62.1	100
Calves	11.2	7.5	81.3	100
Hogs	13.7	12.8	73.5	100
Sheep and lambs	28.4	9.8	61.8	100

1/ Based on data available for 1954

Regional Distribution of Receipts

Terminal markets are located throughout the United States and vary considerably in the different kinds of livestock handled (fig. 2).

Most of the larger terminal markets are located in the North Central Region, however, some large calf and lamb markets are located in the Southwest Central and Mountain States.

Terminal markets are the dominant market outlet for livestock in the North Central section of the country. In 1955, nearly 44 percent of the livestock sold by producers in this region were marketed through terminals. In the Western Region terminals ranked second as a market outlet for livestock with almost 30 percent of the animals moving through this outlet. Sales in the country and through auctions accounted for the bulk of the livestock sold in the Northeast and South.

The bulk of the livestock sold through terminals in the United States were handled by those markets located in the East North Central, West North Central, and South Central Regions (fig. 3). In 1954, 83 percent of the cattle, 82 percent of the calves, 93 percent of the hogs, and 72 percent of the lambs sold at terminals, were marketed in these 3 regions. However, an additional 20 percent of the total lamb marketings at terminals were accounted for in the Mountain Region.

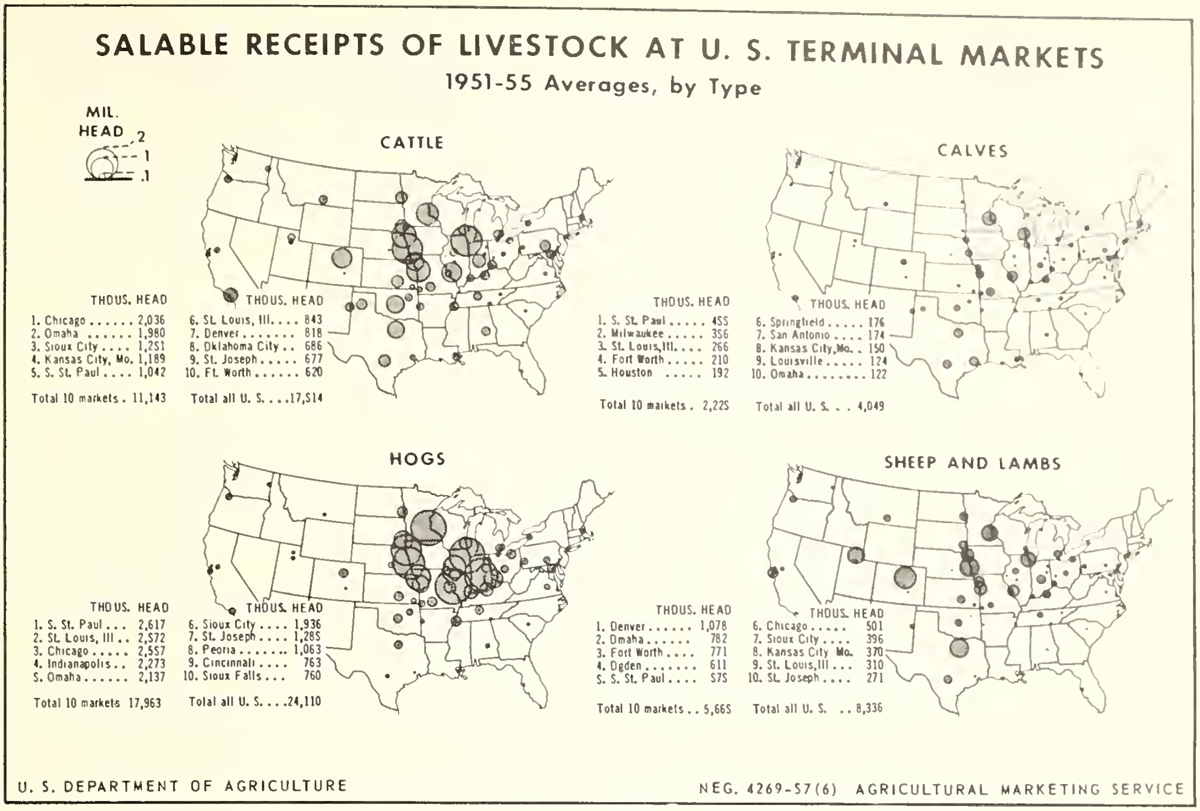

Figure 2

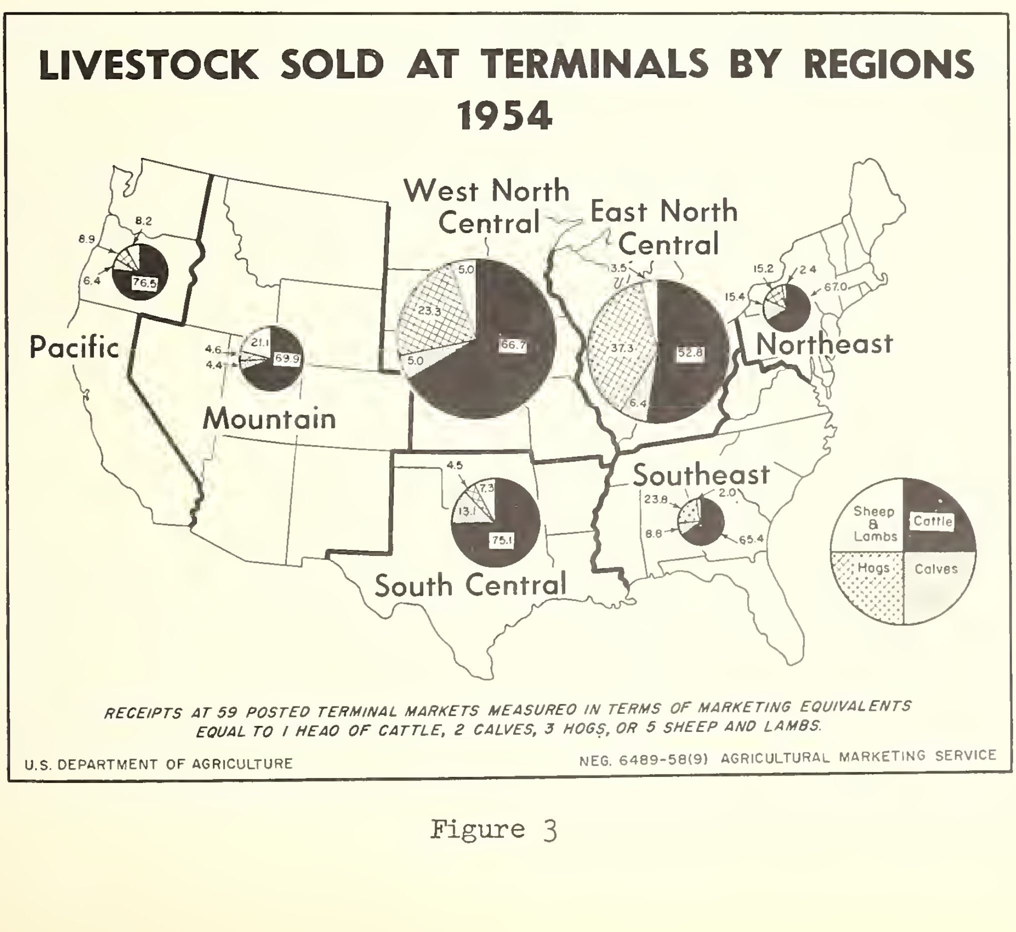

Figure 3

Cattle comprised the largest proportion of these livestock marketings at terminals in each of the regions. 11/ Hogs accounted for a relatively large proportion in the East North Central, West North Central, Northeast, and Southern Regions. Lambs made up a larger share of marketings in the Mountain and Pacific Regions than in any of the other areas while calves accounted for a relatively higher proportion of total marketings in the Northeast and South Central Regions.

Receipts at Individual Markets

The 10 largest terminal markets handled nearly 60 percent of the total livestock receipts at public markets in 1957. Chicago, the largest cattle market in the United States, Omaha, Sioux City, Kansas City, and South St. Paul, rather consistently, have been the principal cattle markets since 1915.

Until 1930, Chicago led as the major calf market in the United States. Since then, however, it has declined substantially and ranks well below the first 10 markets. At present, the largest calf markets are Milwaukee, South St. Paul, and St. Louis and these markets are primarily outlets for veal calves from neighboring dairy areas. Kansas City, Houston, and Fort Worth, while smaller, are important markets for feeder and stocker calves.

Chicago and Omaha were the leading lamb markets from 1915 until the early 1930's. Thereafter the trend at these markets was sharply downward as markets located in the range country gained at the expense of the Corn Belt markets. Since 1934, Denver has been fairly consistent in handling the greatest number of total receipts of lambs. The largest lamb markets in 1957 were Denver, Ogden, Fort Worth, Kansas City, and South St. Paul.

Chicago, East St. Louis, Omaha, South St. Paul, and Indianapolis have remained the leading hog markets since 1915, although their relative positions have often changed. With the growth of direct marketing, hog receipts dropped more sharply at Chicago than at other markets in the latter half of the 1930's. Chicago maintained its lead, however, up through 1954. The discontinuance of hog slaughter by some of the major packers at Chicago during the early 1950's contributed further to the decline of Chicago as a hog market.

Feeder and Stocker Receipts

In addition to slaughter livestock, terminals also serve as a market outlet for feeder and stocker animals. Figure 4 shows the changes in the proportion of feeders and stockers handled by terminal markets since 1920.

11/ The various species were converted to marketing equivalents by approximating the cost of marketing each species through a terminal market. Average yardage and commission rates were used to determine costs. On this basis 1 head of cattle was equal to 2 calves, 3 hogs, 5 lambs.

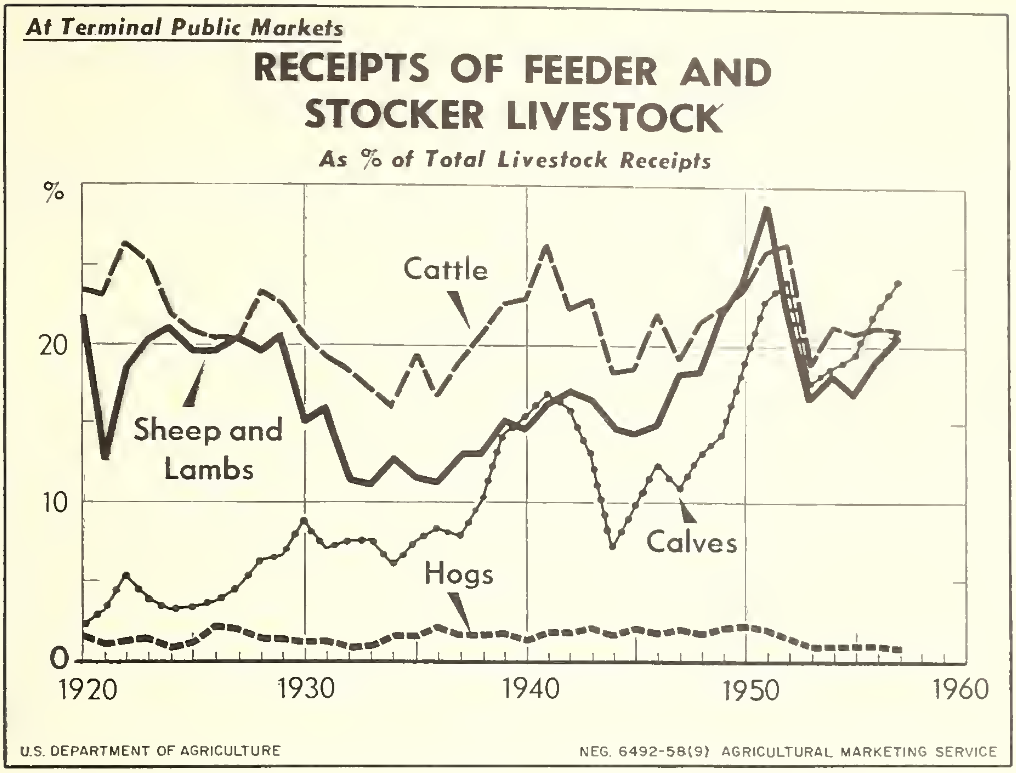

Figure 4

The relative importance of feeder and stocker cattle and lambs declined from 1920 to the midthirties and then showed a general increase, until the present time. The number of feeder and stocker calves relative to total calf receipts trended sharply upward since 1920. The percentage of feeder pigs has remained fairly constant throughout the period, amounting to only 1 to 2 percent of total hog receipts at stockyards. In 1957, feeder and stocker receipts as a percentage of total terminal market receipts for each of the species amounted to 21 percent for cattle and lambs, 24 percent for calves, and 1 percent for hogs.

The volume of feeder and stocker livestock at terminals varied among regions. Feeder and stocker cattle and calves were marketed largely at markets in the West North Central, South Central, and the southern part of the Mountain Region. Feeder lambs were most important at markets located in the West North Central and Mountain Regions. Although feeder pigs are of minor importance at stockyards, most of them were sold at markets in the West North Central and East North Central Regions.

Currently, Kansas City is the most important feeder and stocker cattle market in the United States. This market has been losing its annual volume since 1939 but still leads all markets in receipts of feeder and stocker cattle. Other large feeder and stocker cattle markets are Omaha, Sioux City, Oklahoma City, and Denver.

The leading markets for feeder and stocker calves include Kansas City, Houston, Sioux City, and Denver, while major markets handling feeder pigs are South St. Paul, Memphis, Columbus, and Sioux City.

Individual public markets as outlets for feeder lambs have changed greatly in relative importance since 1915 and in 1957, the leading feeder lamb market was Denver, with Ogden, Kansas City, Omaha, and South St. Paul following in order.

Relative Importance of Terminal Market Receipts

As indicated earlier, the majority of livestock in the United States was sold through terminal markets from about 1900 until after World War I. Since the midtwenties the relative importance of terminals as a market outlet for slaughter livestock has declined for all species. The extent of the decline varied among species and was largest for calves and smallest for cattle. In 1956, estimates indicate that 70 percent of the cattle slaughtered in federally inspected plants, 37 percent of the calves, 45 percent of the lambs, and 37 percent of the hogs, were purchased at terminals. Although the relative importance of terminals as a market outlet for slaughter livestock has declined, producers in 1955 marketed more livestock through terminal public markets than through any other single market outlet. 12/

Since the midthirties, as noted previously, there has been an increase in the proportion of feeder and stocker livestock to total receipts at terminal markets for all species except hogs. Consequently, the number of slaughter animals may not give as accurate a picture of the changing importance of terminal markets as would be obtained by considering all receipts.

The major portion of the stockyard charges are assessed all animals, both slaughter and feeder, that are sold at the market. Therefore, the volume of salable receipts at a terminal is closely associated with stockyard income. Salable receipts accounted for a larger share of total cattle receipts at terminals than was true for any of the other species (fig. 5). During recent years, salable receipts as a percentage of total receipts have remained relatively stable for cattle, hogs, and lambs, but trended downward slightly for calves. In 1957, 85 percent of the cattle, 76 percent of the calves, 71 percent of the hogs, and 58 percent of the lambs were classified as salable receipts.

Seasonality of Livestock Market Receipts

Commercial meat production and livestock marketings show wide variations in volume throughout the year, as indicated by their seasonal indexes. Production for each of the species is greateast in the fall and early winter and

12/ Phillips, V. and Engelman, G. Market Outlets for Livestock Producers. U. S. Dept. Agr., Mktg. Res. Rpt. 216, March 1958, p. 5.

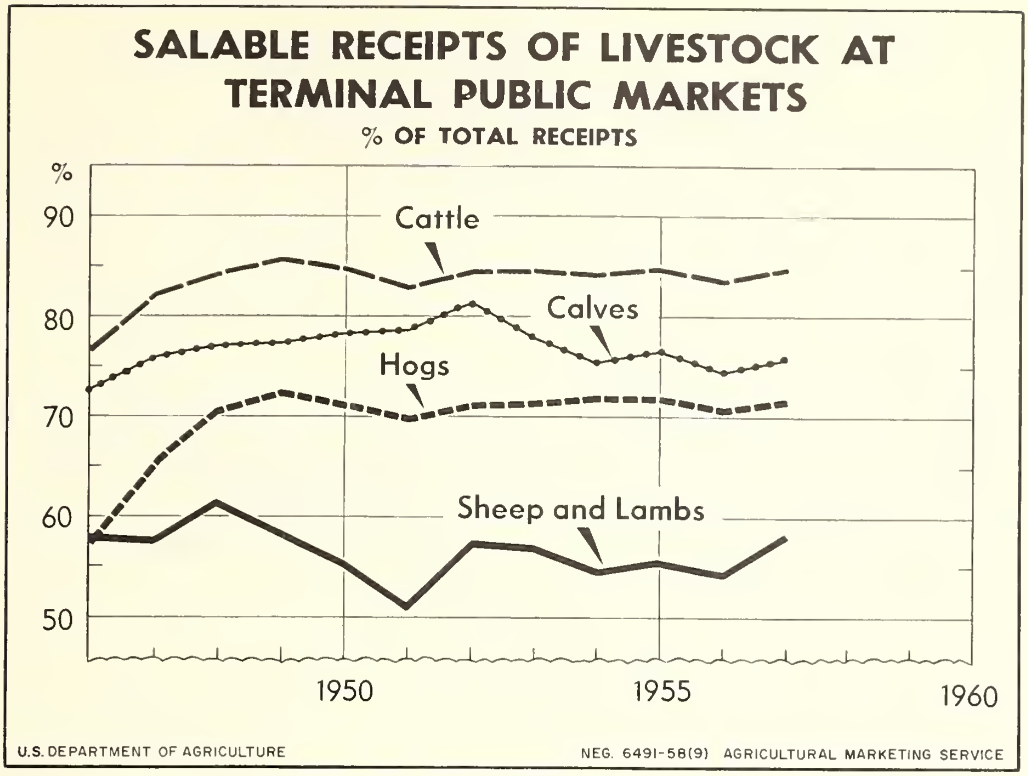

Figure 5

lowest in the spring and summer. The magnitude of these seasonal fluctuations in production is largest for pork and least for beef. Monthly variations in the production of veal and lamb are more pronounced than those for beef, but are less than those for pork (fig. 6).

The seasonal pattern of livestock marketings at terminal markets is similar to that of commercial meat production. However, terminal market receipts vary more widely than slaughter for all species except hogs (fig. 7). Heavy receipts of feeder and stocker cattle, calves, and lambs at terminal markets and the marketing of grass fed livestock accounted for the large increase in total marketings in the fall. Large spring farrowings are the primary reason for large hog marketings in the winter months.

Seasonality of livestock marketings also varies considerably by region and species. Climatic conditions and other related factors which affect the length of the grazing season, production practices , and feed grown result in variations in these seasonal patterns by regions. Regional differences in marketing patterns are also influenced by the different species of livestock produced. For example, the seasonality of Choice fed cattle marketings is less pronounced than those of feeder cattle.

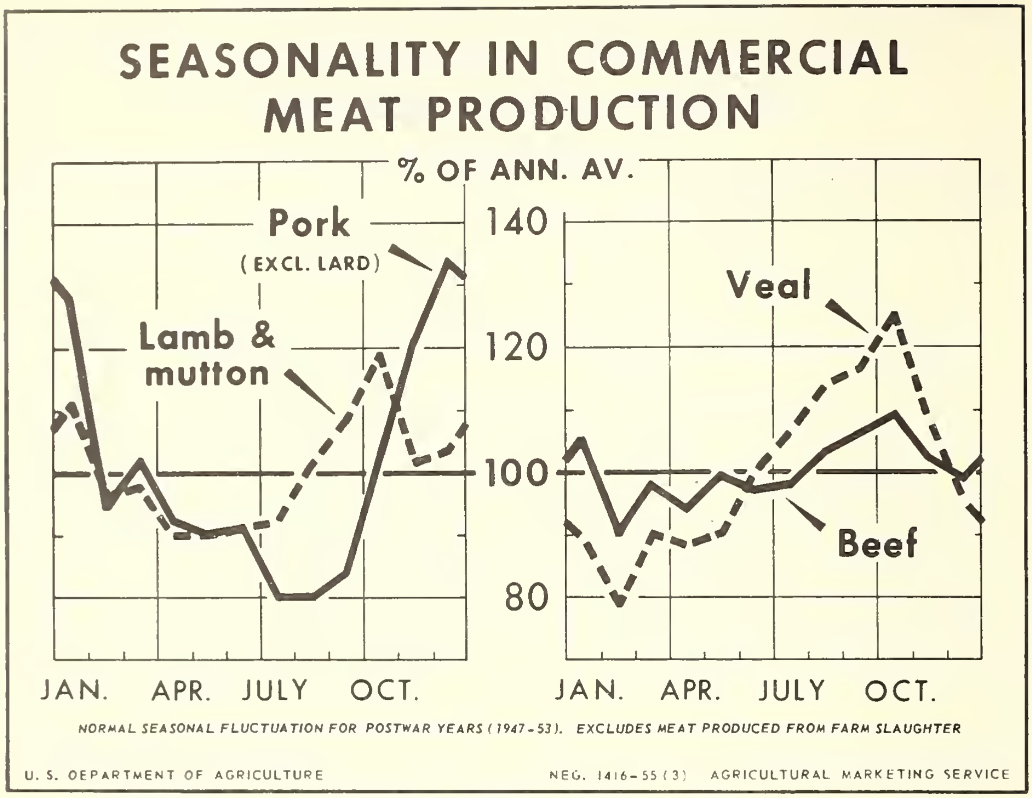

Figure 6

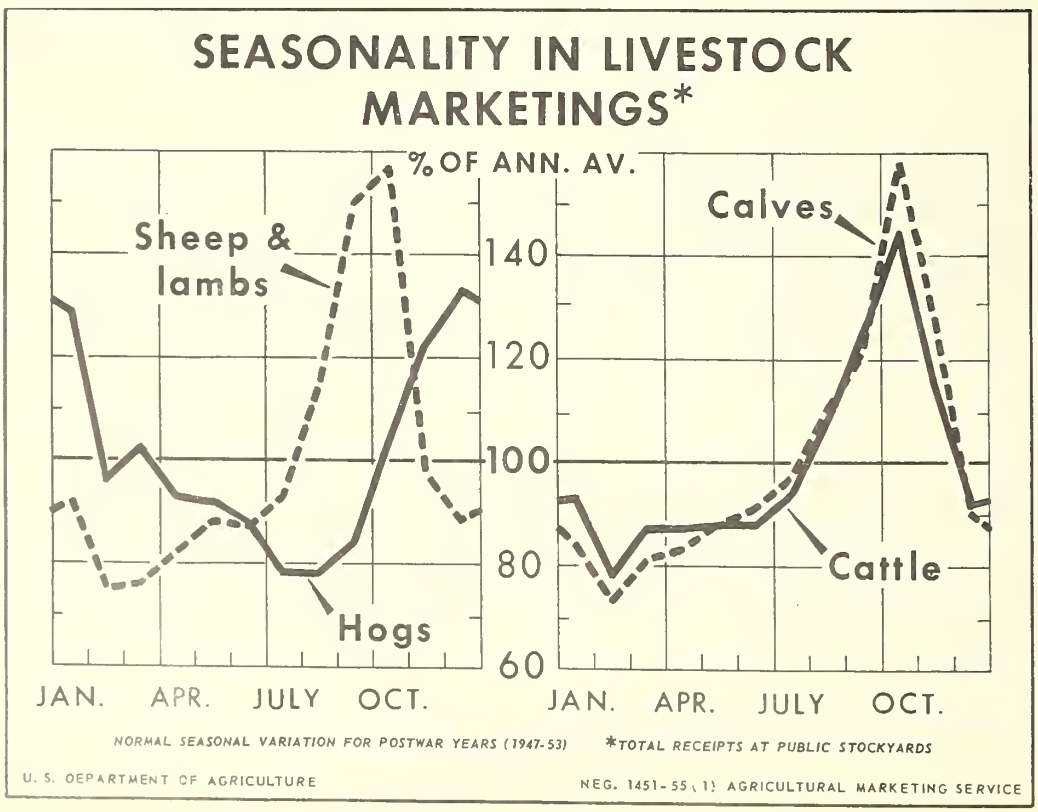

Figure 7

Daily Variations of Receipts

Receipts at terminal public markets are not distributed evenly throughout the week. 13/ The first part of the week shows a significantly higher concentration of marketings for all species. This concentration is more pronounced for cattle than for hogs (fig. 8). All classes of cattle receipts tend to be heavier on Monday and Tuesday. Marketings of hogs for local slaughter are highest on Monday, while feeder and off-market shipments are heaviest on Thursday.

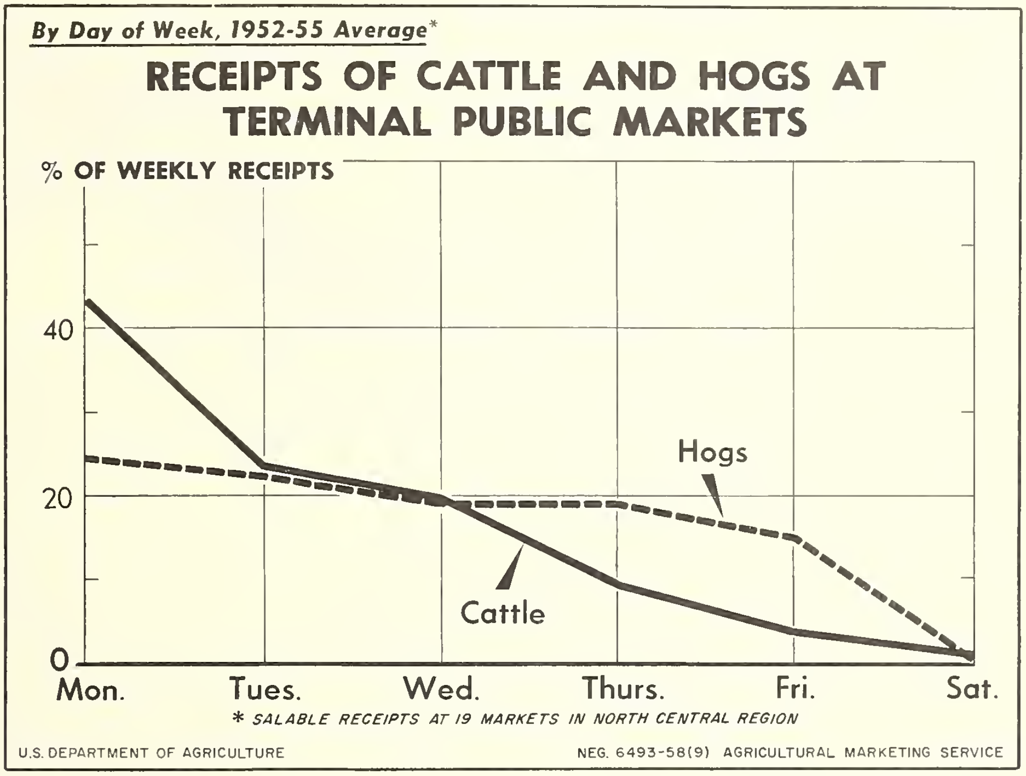

Figure 8

13/ "Daily Variation in Receipts and Disposition of Cattle and Hogs at Corn Belt Terminal Livestock Markets," by North Central Livestock Marketing Research Committee, March 1958, (unpublished).

The intensity of this daily concentration of receipts varies from market to market, depending to a large degree upon the marketing practices of local producers. There are many other factors which cause these variations in the daily marketings at terminal markets. Interviews with livestock producers, dealers, commission agents, and truckers in the North Central Region gave the following reasons: Producers prefer shipping early in the week; Monday is most frequently considered the best day for marketing cattle and hogs; there is greater buying activity at the first of the week; some commission agents encourage their shippers to market early in the week; local packer policies usually warrant purchasing livestock at terminals on Monday and Tuesday and depend upon their country buyers for the remainder of the week.

Livestock prices at terminals are also affected by this daily concentration of volume. There were statistically significant differences in prices for cattle and hogs among days of the week at a few markets. Although the absolute differences were small, in every case of a significant difference, the Monday price averaged highest.

Livestock Movement Within Terminal Markets

The numerous routes followed, and the several organizations associated with the flow of livestock through terminal markets constitute a complex movement pattern. A more complete understanding of the operations of the marketing agencies located at terminals, and an indication of their relative position in terms of livestock handled, is provided in the graphic representations of movement within terminal markets for each of the species (figures 9 and 10).

The Initial or Salable livestock of each species accounted for the major proportion of the terminal market receipts. These livestock, initially sold at the stockyard, comprised a much higher percentage of total receipts for cattle, calves, and hogs than they did for lambs. A relatively high proportion of total sheep and lamb receipts were in-transit. Direct shipments formed a larger share of total receipts for hogs than for any of the other species. Nearly one-fifth of the hogs moved through terminals as "directs." "Throughs," however, accounted for a larger share of total receipts than did "directs" for other species.

The bulk of the livestock sold at terminal markets was consigned to commission agents while only a relatively small portion of the animals handled by commission agents were reconsigned by dealers for resale. The largest share of commission sales was made to packers and livestock producers and feeders with the remainder going to livestock dealers and order buyers.

Livestock dealers handled 12 percent of the hogs and calves, 11 percent of the cattle, and 5 percent of the lambs that moved through terminals. Almost all of the dealers' livestock was purchased from commission firms. The majority of their livestock were sold to packers and livestock producers and feeders and did not pass again through other market agencies at the stockyard.

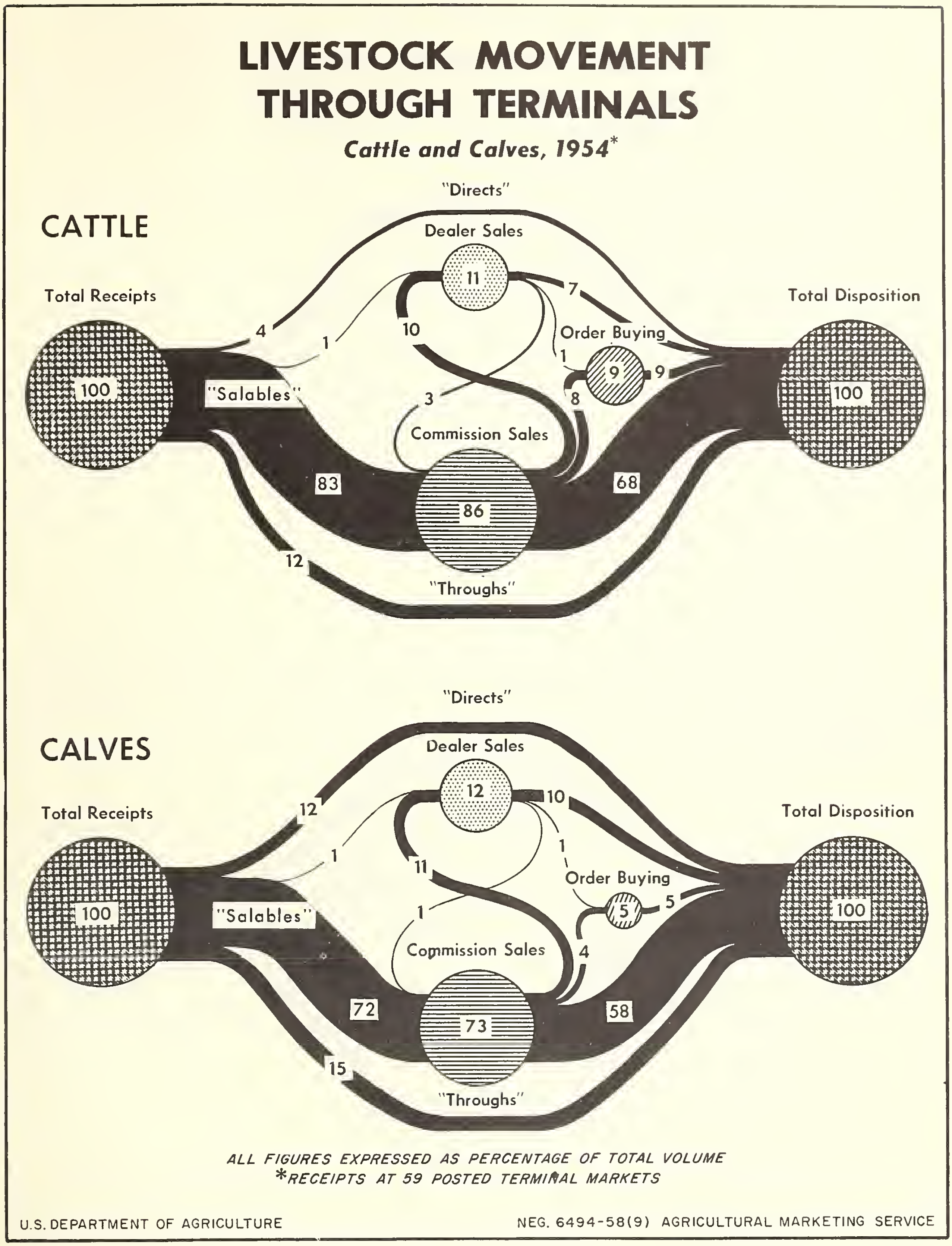
LIVESTOCK MOVEMENT
THROUGH TERMINALS
Cattle and Calves, 1954*
CATTLE
"Directs"
Dealer Sales
Total Receipts
Total Disposition
100
11
7
4
1
10
Order Buying
1
9
9
"Salables"
3
8
100
Commission Sales
83
86
68
12
"Throughs"
CALVES
"Directs"
Dealer Sales
Total Receipts
Total Disposition
12
10
12
1
1
11
Order Buying
100
"Salables"
1
5
5
100
Commission Sales
4
72
73
58
15
"Throughs"
ALL FIGURES EXPRESSED AS PERCENTAGE OF TOTAL VOLUME
*RECEIPTS AT 59 POSTED TERMINAL MARKETS
U.S. DEPARTMENT OF AGRICULTURE
NEG. 6494-58(9) AGRICULTURAL MARKETING SERVICE

Figure 9

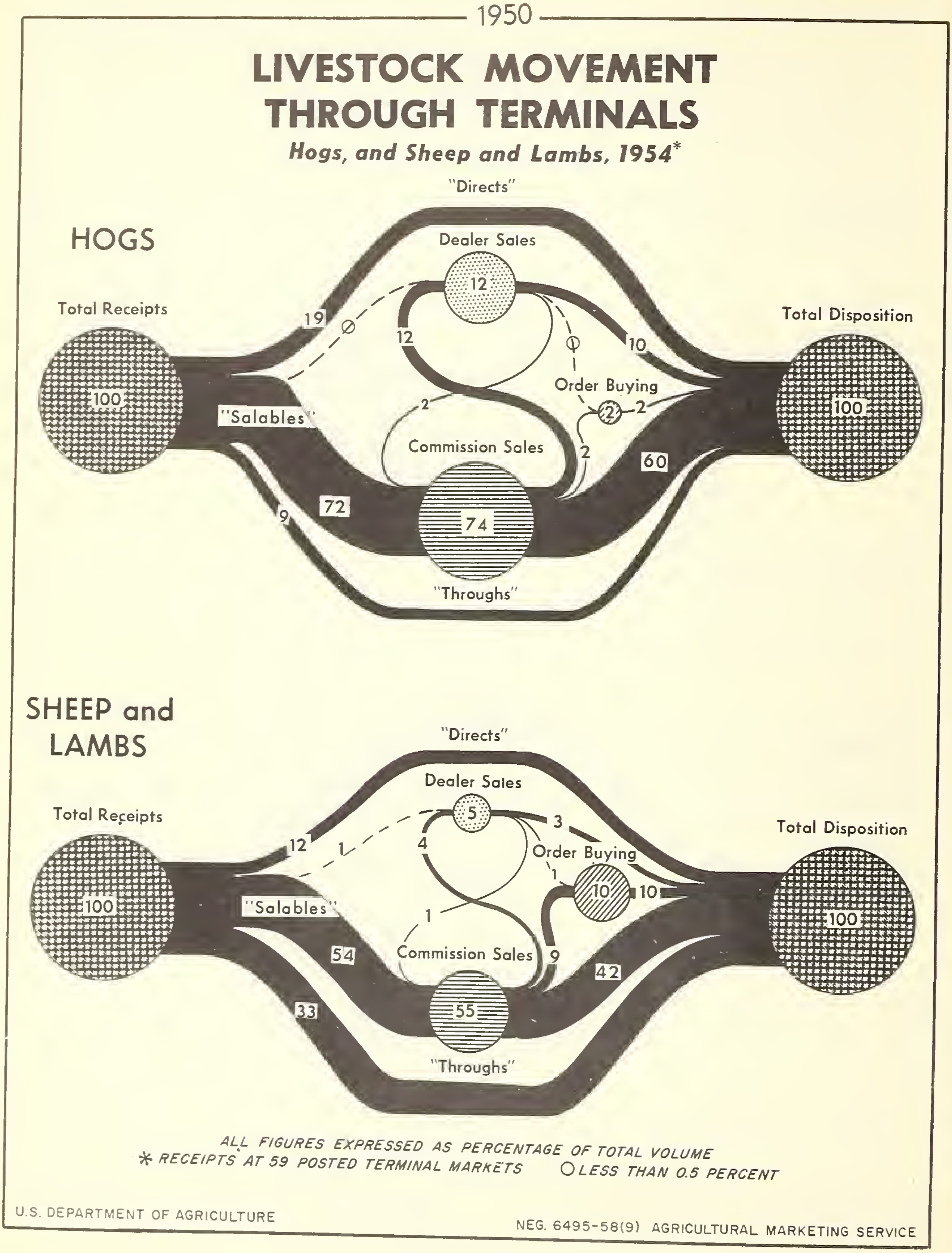
1950
LIVESTOCK MOVEMENT THROUGH TERMINALS
Hogs, and Sheep and Lambs, 1954*
HOGS
"Directs"
Dealer Sales
Total Receipts
Total Disposition
100
19
12
12
10
Order Buying
2
2
2
2
"Salables"
Commission Sales
60
72
9
74
100
"Throughs"
SHEEP and LAMBS
"Directs"
Dealer Sales
Total Receipts
5
3
12
1
4
Order Buying
Total Disposition
1
100
10
10
"Salables"
1
54
Commission Sales
9
42
100
33
55
"Throughs"
ALL FIGURES EXPRESSED AS PERCENTAGE OF TOTAL VOLUME
* RECEIPTS AT 59 POSTED TERMINAL MARKETS
O LESS THAN 0.5 PERCENT
U.S. DEPARTMENT OF AGRICULTURE
NEG. 6495-58(9) AGRICULTURAL MARKETING SERVICE

Figure 10

Order buyers handled about 10 percent of the total receipts of cattle and lambs. In contrast, they obtained only 5 percent of the calf and 2 percent of the hog receipts. Their major source of supply was the commission firm and a negligible amount was obtained from livestock dealers.

FACILITIES AND SERVICES AVAILABLE AT TERMINAL MARKETS

The public terminal market acts as a livestock hotel -- furnishing livestock with food, bed, and care. Upon arrival at the market, the livestock may be fed, watered, and rested prior to being offered for sale. For these facilities and services, the consignor pays a fee to the stockyard company. Commission agents usually receive livestock consignments and represent the seller at the market. They may also act as order buyers for purchasers. For their services, these agents receive a commission fee. Also located at the stockyard are livestock dealers or yard traders, who perform indirect services. These dealers buy livestock on the market, sort, regrade, and resell them at the stockyard for speculation. Dealers differ from the commission agents in that they actually take title to the livestock. There is no direct cost to the consignor for these dealer services.

The Stockyard Company

The stockyard company owns and operates the stockyard, providing the consignor with various facilities including pens, watering and feeding troughs, and a place to sell his livestock. Additional facilities such as scales, holding pens, and handling facilities are also available at terminal markets. If the livestock requires feed, the stockyard company provides it.

The major portion of the services made available by the stockyard company are those connected with the physical handling of the livestock. Certain special services including reweighing, vaccinating, and handling may also be furnished by stockyard personnel upon request. The consignor or his agent requests the particular services his livestock will receive.

Many of the service costs of the stockyard company are included in one basic initial charge, which may be viewed for purposes of this study as a rent payment. Usually one unloading and loading, the use of a pen, one weighing, and the driving to and from the scales are services which are covered by this one basic charge.

Commission Agents

Practically all of the initial stockyard volume is sold by commission agents. These commission firms do the actual selling, collect the proceeds of the sale from the buyer, deduct their charges, stockyard charges, and transportation

charges, if any, and remit the net proceeds to the consignor. Commission agents also resell some animals at the market. This only accounts for a relatively small proportion of their total volume.

Generally, it is not economically feasible for the seller to be present at the terminal market when his livestock arrives, to arrange for yardage, feeding, and to eventually locate a buyer for his stock. The commission firms act as agents for these livestock producers and represent them in the handling and sale of their livestock. They must, therefore, put the livestock in salable condition before the market opens. This may involve sorting, feeding, and watering the livestock as well as providing an experienced livestock salesman capable of bargaining effectively with buyers. The number of commission agents varies at terminal markets, but averages about 10 at the posted stockyards.

Some commission agents act as order buyers for purchasers. Since the agents are located at the stockyard, they may purchase and arrange for shipment of livestock to distant buyers. Commission agents acting as order buyers usually act also as commission sellers. Normally stockyard policy does not allow these commission agents to fill purchase orders with livestock consigned to them for sale. However, if an agent offers more than the highest bid received for the livestock, the transaction may be accomplished without violation of the United States Department of Agriculture regulations.

The amount of order buying performed by commission firms located at the terminals is relatively small compared with their volume of commission sales. While most of the operations of commission agents selling livestock are confined to the terminal markets, firms buying livestock on a commission basis obtain a relatively high proportion of their volume from sources outside of the market (table 3).

Livestock Dealers

Livestock dealers handled about 13 percent of the livestock initially sold at terminal markets in 1954. These dealers perform a service to producers by purchasing odd lots of livestock that were not readily bought by the regular buyers. The purchase of these odd lots could be expected to help the terminals maintain a more competitive market for livestock. Animals are bought, sorted, graded, and finally resold by these dealers at the yards. Although the dealer or "yard trader" does this in an attempt to profit from the resale of the animal, he indirectly furnishes the livestock producer with a broader demand for a wider variety of livestock.

The number of livestock dealers at the stockyards varies greatly, averaging about 20 dealers to a market. At one terminal 107 livestock dealers were in operation, while at several markets none were registered.

Table 3.--Purchases by commission agents at terminal markets, by region and species 1/

Species	Percentage of purchases							
	Northeast	East North Central	Southeast	South Central	West North Central	Mountain	Pacific	Total U. S.
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Cattle	77	47	97	72	76	15	13	61
Calves	100	61	100	90	80	42	35	77
Hogs	100	19	86	91	86	100	18	35
Sheep and lambs	100	61	100	51	65	42	14	52

1/ 1954 data from registered commission agents at 59 posted terminal markets.

LIVESTOCK MARKETING CHARGES AT TERMINAL MARKETS

Each of the marketing charges associated with the various facilities and services rendered at the terminal markets will be discussed under the agency that provides them. These charges are paid either by the seller or the purchaser, depending on circumstances.

Charges Assessed by Stockyard Company

The distribution of gross income of the stockyard companies by source, provides some indication of the relative importance of the different facilities and services provided by them. Stockyard companies derive most of their gross income from yardage fees and sales of feed in 1954. The proportion of total gross stockyard income obtained from these 2 sources ranged from 86 percent in the Northeast Region to 97 percent in the North Central Regions, and averaged 95 percent for the United States (table 4).

In many cases, stockyard companies obtain some income from operations other than those associated with the handling of livestock such as rental of office space, water sales for washing trucks, land rentals for buildings, and hotel operations. In this study, however, all incomes that were not derived from actual livestock charges were excluded. Charges which will be covered may be assessed the consignor, livestock dealers, commission agents, or buyers. These charges comprise the total marketing bill for livestock at the stockyards.

Table 4.--Distribution of gross income of posted terminal markets by sources and regions 1/

Regions	Yardage	Feed	Bedding	Loading and unloading	Other services 2/	Total
	Percent	Percent	Percent	Percent	Percent	Percent
Northeast	30.4	55.5	1.3	11.8	1.0	100
East North Central	68.1	28.2	1.1	1.3	1.3	100
Southeast	74.0	16.9	.8	.8	7.5	100
South Central	70.1	26.1	.3	.7	2.8	100
West North Central	63.2	33.9	1.5	3/	1.4	100
Mountain	45.4	41.5	3.4	8.4	1.3	100
Pacific	53.2	38.6	4.1	1.0	3.1	100
Total United States	62.0	33.0	1.5	1.8	1.7	100

1/ Includes only that income derived from charges made directly for services rendered at the stockyards in 1954.

2/ Other services include weighing, dipping, spraying, brand inspection, insurance, vaccination, and so forth.

3/ Less than 0.05 percent.

Sources of stockyard income were grouped, for purposes of analysis, into 5 categories: Yardage; feed; bedding; unloading and loading; and other services.

Yardage.--This term represents a fixed charge per head for the use of pens, weighing, water, certain other services, and the privilege of the market.

Yardage consist of 3 types:

1. Initial yardage, a yardage charge for all livestock sold at the yards (salable livestock);

2. direct yardage, a yardage charge for all "directs" livestock; and

3. resale yardage, a yardage charge for livestock resold within the stockyards. Resale yardage is different for each type of resale.

Initial yardage charges are usually higher than either the yardage on "directs" or "resales." Variations in charges among species are related to the different amounts of service, time required, and facilities necessary for handling livestock at the terminal markets. Average yardage charges for initial and direct livestock by region for each specie are shown in table 5.

Average yardage per head on direct shipments of livestock passing through the yards was equivalent to about 60 percent of the average initial yardage for calves, hogs, and lambs, and nearly 70 percent for cattle. The several regions vary in both the average charges and the relative size of the 2 charges.

Table 5.--Average yardage charges for livestock at posted terminal markets by region 1/

Yardage charges by species	North-east	East North Central	South-east	South Central	West North Central	Moun-tain	Pacific	Total U. S.
	Charges per head							
	Dollars per head							
Cattle:								
Initial sale	0.65	0.85	0.82	0.79	0.82	0.79	0.82	0.82
Direct	.62	.42	.39	.82	.46	.58	.45	.56
Calves:								
Initial sale	.34	.42	.49	.50	.50	.49	.51	.46
Direct	.22	.26	.20	.48	.26	.47	.27	.29
Hogs:								
Initial sale	.25	.28	.29	.25	.28	.28	.31	.28
Direct	.15	.14	.18	.24	.15	.19	.15	.17
Sheep & lambs:								
Initial sale	.20	.20	.27	.17	.17	.14	.19	.17
Direct	.14	.11	2/	.16	.09	.08	.10	.10

1/ Based on data available for 1954. 2/ Insufficient data.

Resale yardage varies according to the type of resale and can be classified as: (1) Livestock resold by commission agents, (2) livestock resold "other than by commission agents for local delivery," and (3) animals resold "other than by commission agents for shipment" (table 6). Since the amount of labor, pen space, and usual length of stay at the stockyard, by each type of resale, varies somewhat -- the yardage charge is established accordingly.

Variations in yardage charges both between yards and within markets for different species are illustrated in the tariff rates for initial yardage approved by the Packers and Stockyards Branch at the Fort Worth Stockyard, the Union Stockyards at Chicago, and the Denver Union Stockyards (table 7).

Feed.--Feed is available at all terminal markets. The consignor or his agent indicates whether or not the animals are to receive any feed, and specifies the kinds and quantities to be fed. In 1954, total income receive from charges for feed amounted to 14.5 million dollars, and accounted for 33 percent of the stockyard company's gross income. These feed charges varied among regions,

Table 6.--Average resale yardage charges for livestock at posted terminal markets by type of sale and species 1/

Species	Resale charges		
	By commission agencies	Other than by commission agencies	
		For local delivery	For shipment
	Dollars per head		
Cattle	0.61	0.18	0.09
Calves	.42	.12	.05
Hogs	.18	.06	.04
Sheep and lambs	.13	.05	.03

1/ Based on data available for 1954.

Table 7.--Initial yardage tariff rates at selected terminal markets, 1958

Species	Fort Worth	Chicago	Denver
	Charges		
	Dollars per head		
Bulls (min. 600 lbs.)	1.40	1.40	1.37
Cattle (except bulls 600 lbs. or over).	.98	1.15	1.00
Calves (max. 400 lbs.)	.58	.60	.57
Hogs	.33	.36	.32
Sheep and lambs	.20	.23	.21

species, markets, and even among consignments within the same market. Some of this variation may be attributed to the kinds and quantity of feed provided, the cost of the feed to the stockyard, and the handling and profit margin allowed by the stockyard tariffs. Table 8 shows the total dollar sales of feed and the relative sales importance of each kind at the posted terminals in the various regions.

Feed charges at terminals are based upon the actual cost of the feed to the stockyard company, plus a margin for handling services and profit. This margin is regulated by the Department of Agriculture. Margins at posted terminals in 1954 averaged 59 cents per bushel of corn, and 44 cents per

Table 8.--Total charges for feed sold at terminal markets and percentage distribution by kind of feed and region 1/

Kind of feed	North-east	East North Central	South-east	South Central	West North Central	Moun-tain	Pacific	Total U. S.
	One thousand dollars							
Corn	171	1,451	23	132	1,445	260	98	3,580
Oats	10	35	2	27	246	--	--	320
Hay	839	1,997	79	979	3,513	1,057	649	9,104
Misc. feed 2/...	379	110	19	188	660	3	72	1,431
Total	1,399	3,593	123	1,326	5,864	1,320	810	14,435
	Percentage of total feed sales							
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Corn	12	40	19	10	25	20	12	25
Oats	1	1	2	2	4	--	--	2
Hay	60	56	64	74	60	80	79	63
Misc. feed 2/...	27	3	15	14	11	3/	9	10
Total	100	100	100	100	100	100	100	100

1/ Feed sales at 59 posted terminal markets, 1954.
2/ Includes various high protein supplement feeds, mineral mixtures, special calf and lamb starter rations, and other.
3/ Less than 0.5 percent.

bushel for oats. Alfalfa had the highest margin, averaging 71 cents per hundred weight while other hay averaged 66 cents per hundred weight. Charges for miscellaneous feeds were difficult to analyze since this classification included many mixed feeds, ground feeds, mineral mixtures, and supplements, which vary greatly in handling measurements. In general, corn is provided for hogs, while hay is fed to cattle, calves and lambs. Oats and alfalfa are usually fed to lambs. The miscellaneous feed is, at most stockyards, a calf or lamb feed.

Considerable regional variation in total feed consumption at terminals indicates that the relative importance of the different types of feeds at stockyards is extremely flexible. Records obtained from livestock producers in 1955 showed that their estimated feed cost per head for animals sold at terminals was less than the total feed charges obtained in this study. 15/

15/ Based on data obtained in February and March 1956, in a survey of farmer's expenditures in 1955 by the Agricultural Marketing Service of the United States Department of Agriculture.

The original consignor is only charged for the feed that his livestock consume prior to the initial sale and the purchaser pays feed charges after that. Total feed charges obtained from stockyard records were estimated at 38 cents per head for cattle; 10 cents for calves; 13 cents for hogs; and 12 cents for lambs.

The amount of feed consumed per head by hogs, cattle, and calves at terminals was highest in the Mountain and Northeast Regions and lowest in the Southern Region. Most of the variation in per head feed consumption among regions probably resulted from the differences in the number of feedings the animals received, rather than differences in the portion fed at each feeding. Since hog production is of minor importance in the Mountain Region, some of the terminals located in this area serve as concentration yards for hogs. Some animals may remain at the yards for several days until large enough numbers are available so that carload shipments can be obtained. Many packers in the Northeast utilize terminal market facilities as livestock holding pens until they are ready to slaughter the animals. Here again, animals may be held for varying periods of time and fed several times. Severe weather and abnormal climatic conditions also affect per head feed consumption.

Livestock unloaded at terminals and driven direct to the packers for slaughter (directs) are not usually fed. The Twenty-Eight Hour Law requires that animals in transit engaged in interstate movement (throughs) must be fed, watered, and rested at specified time intervals. When such livestock are unloaded at a terminal market, they receive rations that at least meet the minimum requirements as set forth by a schedule of adequate rations issued by the Secretary of Agriculture. These minimum recommended rations per feeding for livestock in transit are estimated at about 16 cents per head for cattle, 4 cents per head for calves and lambs, and 5.5 cents per head for hogs, on the basis of average 1954 terminal market feed charges.

Bedding.--Another income source for stockyard companies is derived from the sale of bedding and the services connected with it. This charge also is adjusted by the stockyard to cover the actual cost of bedding, the handling, and a profit margin for services.

Hogs and sheep do not normally require additional bedding at the yards. Hogs are maintained on dirt or concrete floors which are easily cleaned, while sheep usually obtain enough ground covering from hay pulled from the feeding rack. A substantial amount of bedding is put in trucks and railroad cars for livestock either in transit or being shipped from the yards. On the basis of allocation of bedding to certain species, estimates of average bedding charges were 3 cents per head for cattle and less than 1 cent for calves and lambs.

Services.--Many specialized services are normally provided by the stockyard company for a fee. In some areas of the country, particular services such as brand inspection are required by law. One of the most important services offered by stockyards is loading and unloading. All livestock -- salable, directs, and throughs may utilize this service. There is not usually a separate charge for this service for salable and direct livestock, since the yardage charge includes this service. "Through" livestock are subject to a

"use of facilities" charge, which is somewhat comparable to a service and yardage charge, but which does not, however, cover such services as unloading and loading. Other types of miscellaneous services are also available, such as dipping, spraying, testing, dehorning, vaccinating, and insurance coverage.

Table 9 shows some typical rates connected with common services. Some of the services are applicable only to certain species, but unloading and loading, reweighing, spraying, and driving to chutes can be utilized for all species. Dipping, however, is only applicable to cattle, calves, and lambs, while brand inspection affects only cattle and calves.

The final decision of the consignor or his agents governs which, if any, services will be provided by the stockyard company. Some of these services may be offered by the commission agents themselves in order to satisfy their customers.

Table 9.--Typical charges assessed for specialized services at terminal markets by species 1/

Species	Service charges					
	Loading or unloading 2/	Dipping	Spraying	Reweighing	Driving to chutes	Brand inspection
	Dollars per head					
Cattle	0.08	0.25	0.20	0.10	0.08	0.15
Calves	.02	.25	.20	.05	.03	.15
Hogs	.01	--	.10	.03	.01	--
Sheep and lambs	.01	.10	.10	.03	.01	--

1/ Information obtained from tariff schedules of 14 posted terminal markets, 1957 data.
2/ Carload basis.

Commission Agent Charges

Commission agents assess a commission charge on a per head basis for their services. Charges vary with the size of the consignment -- small lots are generally assessed a higher per head charge than larger consignments. Tariff rates associated with different size consignments are shown in table 10 for 2 markets. The commission rates for these agents vary slightly among markets in the same region but are generally consistent among firms within a market.

Selling.-- The average charges assessed by commission firms for selling consigned livestock at terminal markets are shown in table 11. These charges varied among species and regions. The average per head commission rates in

Table 10.--Tariff rates for commission agents selling livestock at two posted terminal markets, in effect in 1958

Species	Selling Commission Rates *		
	Chicago 1/	Fort Worth	
	- - - - - - - - - - -Dollars per head - - - - - - - - - - -		
Calves:			
One head only	0.80		0.85
First 5 head	.65		
Next 10 head	.50	First 15 head	.70
Next 15 head	.40	Remainder of consignment	.60
Cattle:			
One head only	1.50		1.45
First 5 head	1.30		
Next 10 head	1.25	First 15 head	1.30
Next 15 head	1.20	Remainder of consignment	1.15
Bulls 700 lbs. to 1,000 lbs.	1.60		1.85
Hogs:			
One head only -			
250# up	.65	]All weights	.60
250# down	.50	]	
First 10 head	.42		
Next 15 head	.39	First 25 head	.50
Next 25 head	.34	Remainder of consignment	.40
Sheep or goats:			
One head only	.50		.50
First 10 head in each 250 head consignment	.35		.35
Next 50 head	.28		.25
Next 60 head	.15		.20
Next 130 head	.10		.12

* Resales commission - Rates are less per head - no size of consignment change.
Extra Charges - Other charges for additional weight drafts or extra services.

1/ Buying rates same as selling except for boars and large consignments of hogs.

the United States, for initial sales, was $1.18 for cattle, 65 cents for calves, 38 cents for hogs, and 25 cents for lambs. The relationship of charges among species was similar to that shown in the yardage charges. Regional variations in rates may be due in part to the differences in the sizes of consignments marketed.

Table 11.--Average charges for selling livestock by commission agents at posted terminal markets by regions and species 1/

Species	Average Charges							
	North-east	East North Central	South-east	South Central	West North Central	Moun-tain	Pacific	Total U. S.
	Dollars per head							
Initial Sales:								
Cattle	1.52	1.19	1.25	1.16	1.14	1.10	1.36	1.18
Calves	.59	.63	.69	.68	.66	.60	.72	.65
Hogs	.60	.36	.50	.46	.38	.40	.43	.38
Sheep & lambs.	.26	.29	.39	.23	.26	.18	.28	.25
Resales:								
Cattle	2/	.91	.61	1.12	.95	1.32	1.29	.94
Calves	2/	.52	2/	.63	.46	2/	2/	.52
Hogs	.25	.21	2/	.48	.28	2/	2/	.23
Sheep & lambs.	.18	.10	2/	.24	.23	.28	2/	.21

1/ Based on data available for 1954.
2/ Number of livestock resold in these regions were negligible.

Resales by commission agents, or "plants," are animals reconsigned to commission firms by livestock dealers to be resold on the yard. The charge for these resales is generally lower than the initial sales charge. However, since the resale charges do not vary according to the number of animals in the consignment, it is possible in some areas such as the Mountain Region, that the average charges on resales was higher than the initial sales charge. Differences between the average charges for "initial sales" and "resales" for the United States were fairly representative of the differences within the regions. The average "resales" commission for cattle was 94 cents per head, calves 52 cents per head, 23 cents per head for hogs, and 21 cents per head for lambs.

Buying.-- Commission agents may also act as order buyers for some customers. Tariff rates for buying are basically the same as the selling charges. Average buying commission charges are, however, somewhat lower than the average selling rates considered earlier. This may be explained by the difference in the average size of the consignment sold or bought for consignors or producers. The commission agent obtains orders to purchase larger numbers of livestock at one time while selling consignments are generally smaller.

Commission charges generally average slightly higher for country buying than for purchases on the market, since more services are involved in buying off the market (table 12). The average U. S. country buying charges for commission agents also operating on the stockyard were 25 cents higher per head for cattle, 37 cents higher for calves, 7 cents more for hogs, but were the same for lambs.

Table 12.--Average charges for buying livestock by commission agents at posted terminal markets, by regions and species 1/

Species	Average Charges							
	North-east	East North Central	South-east	South Central	West North Central	Moun-tain	Pacific	Total U. S.
	Dollars per head							
Buying at terminal market:								
Cattle	1.34	1.07	0.57	0.98	1.01	0.95	1.42	1.01
Calves	.65	.45	.32	.59	.59	.56	.67	.53
Hogs	.38	.35	.21	.37	.24	.35	.53	.32
Sheep and lambs	.30	.20	.19	.18	.18	.13	.28	.17
Country buying:								
Cattle	2/	2.06	2/	1.16	1.13	1.31	1.67	1.35
Calves	2/	2/	2/	.79	.90	.84	1.17	.90
Hogs	2/	2/	2/	.60	.37	2/	.39	.39
Sheep and lambs	2/	.13	2/	.20	.16	.17	.20	.17

1/ Based on data available for 1954.
2/ Insufficient data to derive reliable estimate.

Livestock Dealer Margin

For the service of buying mixed lots of livestock, sorting, grading, and reselling in uniform lots, the livestock dealer or "yard trader" intends to make a profit. Other aspects of dealer operations are somewhat speculative, and sometimes may involve a loss. Over a period of time, however, the dealer must obtain a margin sufficient for profitable operation.

Marketing costs attributed to livestock dealers would be the average gross margin obtained from their purchase and sale of the livestock. The gross margin per head for livestock dealers -- the difference between their purchase price and selling price, varies greatly among regions and between dealers at the same

yards. From this gross margin, however, the livestock dealer must pay his yardage charges, feed charges, and commission charges to the stockyard company or commission agents, for any of these facilities and services which he utilizes at the market. In order to obtain a more accurate margin figure for dealers, an "adjusted gross margin" was determined by subtracting from the gross margin all charges paid by the dealer to the stockyard company and commission agents for feed, yardage, and special services.

Although this "adjusted gross margin" cannot be considered as a direct marketing charge for stock at the terminals, it is appropriate to incorporate it into the overall marketing costs for livestock passing through terminal markets. Table 13 shows this average "adjusted gross margin" per head for handlings of livestock dealers at posted terminals. Variations among regions were considerable, and the differences within an area are even more erratic. The United States averages indicate the amount added to the total livestock marketing bill at terminals that is attributed to the livestock dealer handlings.

Table 13.--Livestock dealers' "adjusted gross margins" for buying and selling livestock at posted terminal markets by regions and species 1/

Species	Adjusted Gross Margin							
	North-east	East North Central	South-east	South Central	West North Central	Moun-tain	Pacific	Total U. S.
	Dollars per head							
Cattle	4.85	3.37	1.17	1.58	3.47	2.42	10.90	2.95
Calves	2/	2.02	2/	1.46	2.63	1.15	2.07	2.18
Hogs	6.60	.51	.91	1.84	1.20	.75	2/	.62
Sheep and lambs	2/	.91	2/	2.50	1.09	.28	2/	.93

1/ Gross margin minus payments for yardage, feed, and resales commission -- obtained from 1954 data.
2/ Insufficient data available.

TOTAL MARKETING COSTS FOR LIVESTOCK AT TERMINAL MARKETS

Charges assessed livestock moving through terminal markets depend on the services and facilities utilized in the marketing process. Different shipments of livestock may receive different combinations of services. The following discussion illustrates several of the possible and likely combinations of facilities and service charges for livestock at terminal markets.

Each of the species is charged different amounts for specific facilities and services. Perhaps the most important factor influencing charges is the labor cost necessary to handle or market a particular animal. Since the amounts of and wage rates for labor vary at the different markets, total labor costs and, thus, marketing charges vary among terminals.

As detailed in a previous section, the paths taken by livestock passing through a public terminal market are numerous. The 3 most common channels followed by livestock in moving through a terminal market and the types of charges that are usually assessed are indicated in figure 11.

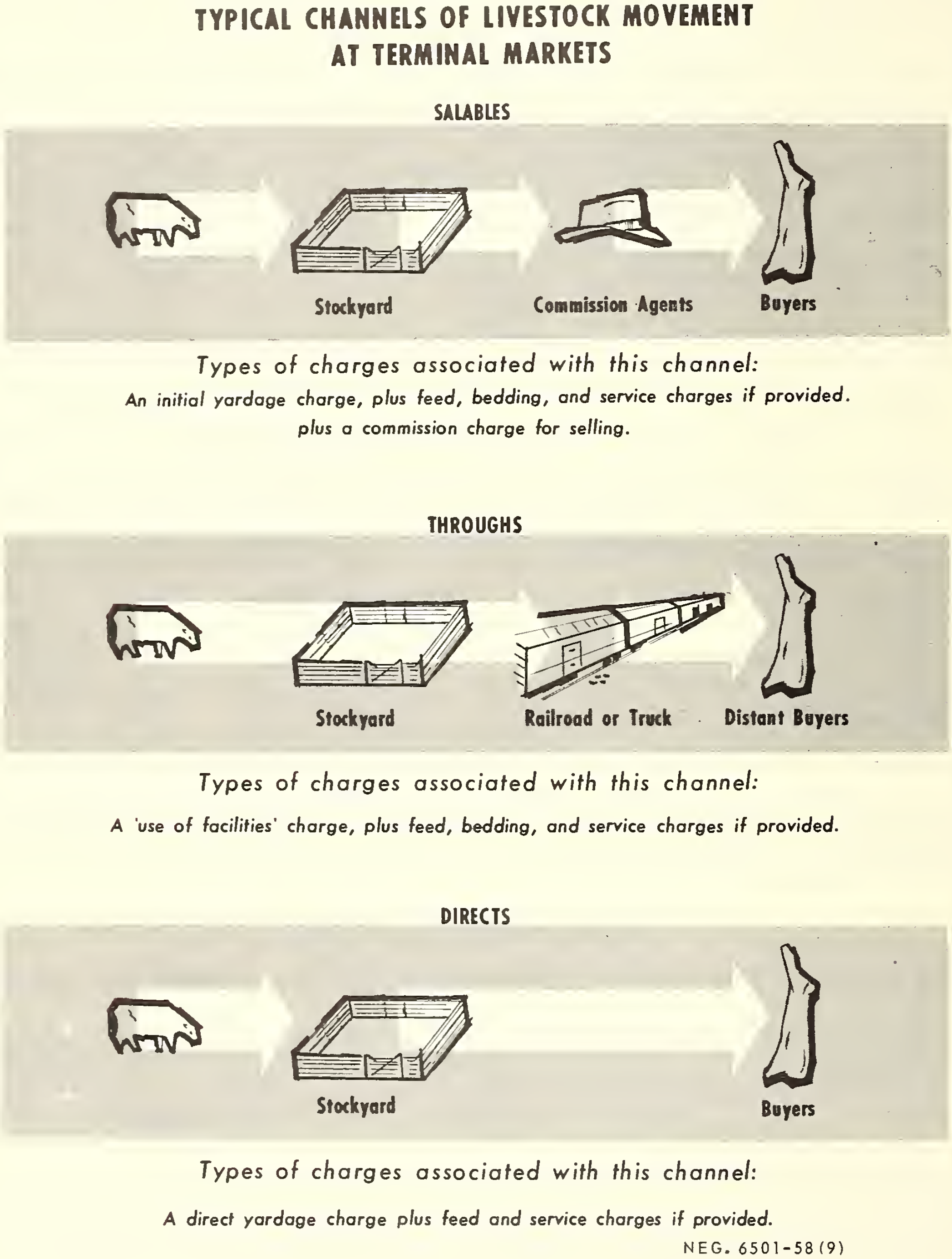

Figure 11

Marketing charges levied upon livestock delivered to public markets for sale might be paid by either producers, commission agents, livestock dealers, or buyers. Average marketing charges for the salable livestock received at public markets are shown in table 14. These figures include both the charges which are levied directly against the producer, or other marketing agents who may "initially" ship the livestock to the market, and the indirect costs incurred by resales through livestock dealers active on the market. Commission fees are the major charges paid by producers or other shippers at terminal markets. These usually account for about one-half of the total charge. Yardage charges roughly account for about one-third of the total charges paid by the initial consignor of the livestock. Feed and service charges are among the minor charges for livestock. Many livestock move through terminals without receiving either feed or any special services.

Table 14.--Average marketing costs per head for salable livestock at posted terminal markets 1/

Species	Initial sales charges					Dealer handlings	Total marketing costs 6/
	Initial yardage	Feed 2/	Initial sales commission	Services 3/	Total charges for initial sale 4/	Average costs for resales 5/	
	Dollars per head						
Cattle	0.82	0.26	1.18	0.07	2.33	3.48	2.74
Calves	.46	.10	.65	.04	1.25	2.34	1.61
Hogs	.28	.08	.38	.03	.77	.71	.88
Sheep and lambs.	.17	.05	.25	.03	.50	1.05	.58

1/ These include charges levied against producers and indirect costs of livestock dealer handlings at terminal markets, 1954 data.
2/ Producer's feed costs from United States Department of Agriculture producer's expenditure survey 1955.
3/ Includes bedding.
4/ Charges paid by shipper or producer.
5/ Weighted averages include resale yardage, resale commission, and dealer's adjusted gross margin.
6/ Includes total charges for livestock initially sold plus the indirect costs of dealer handlings allocated to these livestock.

These marketing charges include all charges which are deducted from the producer's, or other "initial" shipper's, check for the animals they sell at the terminal markets. The total initial selling charge for all cattle sold in 1954 was $2.33 per head, for calves $1.25 per head, for hogs 77 cents per head, and for lambs 50 cents per head.

Table 14 also indicates some of the costs incurred for livestock that are bought and resold by livestock dealers operating on the market. These margins represent an indirect cost to the marketing of livestock through terminal markets. When these additional dealer handling costs were weighted according to relative importance and allocated to each species of livestock, the total marketing cost, both direct and indirect, was $2.74 per head for cattle, $1.61 per head for calves, 88 cents per head for hogs, and 58 cents per head for lambs.

"Direct" livestock receive only the "direct yardage," some "service" charges, and in a very few instances a feed charge. Charges are usually paid by the purchaser since the animals have already been sold before they arrive at the stockyard. Average total charges for "direct" cattle in 1954 amounted to 63 cents per head, calves 33 cents, hogs 20 cents, and 13 cents for lambs.

Livestock received as "throughs" are assessed a "use of facilities" charge, a feed charge, and some service charges. The average total charges for these livestock in 1954 were just about the same or a little less than the totals for directs. Some charges on "throughs" may be paid by the producer and some by the purchaser, or all by either one. In either case, these charges are a part of the overall cost of moving livestock to the ultimate receiver.

EXAMPLES OF MARKETING CHARGES

Marketing charges discussed in previous paragraphs are average charges levied against all livestock moving through the stockyards and may not be representative of charges assessed against the individual movements of livestock. Present tariff rates are considerably higher than those in effect at terminals in 1954. The following examples are provided in order to present some recent marketing costs for livestock at terminal markets. Actual tariff rates in effect in 1958 are used in these illustrations.

Example 1-Fed Steers in Texas

A load of slaughter steers in Texas were sent to a local terminal market in August 1958. The animals were fed, brand inspected, and consigned to a commission agent located on the market. The following day, the steers were sold to a local packer. The flow through the market would be similar to the "salable" channel of the types illustrated earlier. The stockyard company's charge accounted for almost 60 percent of the total charges at the terminal.

Charges Assessed at the Stockyard

Stockyard company charges	Dollars per head	
Initial Yardage	.98	Paid by consignor
Brand Inspection	.15	Paid by consignor
Feeding	.38	About 26 cents paid by consignor and remainder paid by purchaser
Commission agents charges		
Selling Commission	1.09	Paid by consignor
Total Charges	2.60	

Example 2- Market Hogs in Illinois

This example assumes a carload lot of hogs was shipped in October 1958, direct to a packer located at an East North Central stockyard. The hogs were purchased in the country by the packer's buyer, and the only additional service the hogs received was spraying. "Direct" movement, such as this, is shown in the last illustration of the more common channels at stockyard.

Charges Assessed at the Stockyard

Stockyard company charges	Dollars per head	
Direct Yardage Charge	.20	Paid by purchaser
Spraying	.01	
Total charges	.21	

Example 3- Feeder Lambs in Colorado

This illustration describes a truck load of feeder lambs that were delivered to a Mountain Region terminal market in October 1958 and consigned to a commission agent. The lambs required a dipping before they were sold. A livestock dealer purchased the lambs from the agent and resold them at the yard to a local feedlot operator. The total cost of marketing these lambs was 88 cents per head, of which direct charges to the consignor accounted for about 50 percent.

Charges Assessed at the Stockyard

Stockyard Company Charges	Dollars per head	
Initial Yardage	.21	Paid by consignor
Dipping Charge	.12	
Resale Yardage "outside of Commission Agent for Shipment"	.05	Paid by dealer
Feed	.12	
Commission Charges		
Initial Commission Charges	.10	Paid by consignor
Livestock Dealer		
"Adjusted Gross Margin" for Dealer	.28	
Total Costs	.88	

These cases, of course, are only examples of what charges would be assessed an animal marketed under those circumstances at a terminal. Since there are variations of tariff rates among the posted terminal markets the use of the average charges for determining costs of specific shipments of animals is extremely limited. Each lot of livestock passes through the market under different conditions and is charged only for the facilities and services rendered during the process. The total marketing charge at livestock terminal markets would, therefore, depend upon the species handled, the type of receipt the animal was classified as, facilities utilized, and services actually provided.

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